

FISCAL NOTE

SB 2158 - HB 2219

January 21, 2000

SUMMARY OF BILL: Increases the privilege tax on cigarettes from 13 cents per pack of twenty cigarettes to 39 cents per pack of twenty cigarettes.

ESTIMATED FISCAL IMPACT:

Increase State Revenues - Net Impact - \$130,742,218

Increase State Expenditures - \$25,000 One-Time

Decrease Local Govt. Revenues - Net Impact - \$1,155,922

Estimate assumes the following:

- Approximately 605,543,438 packs of cigarettes were sold last year.
- An increase in state revenues of approximately \$133,825,100 is estimated based on increasing the cigarette tax from 13 cents per pack of 20 cigarettes to 39 cents per pack of 20 cigarettes.
- A decrease of in-state sales of approximately 10% or 60,554,343 packs due to the increased tax.
- Cigarettes are sold in packs of twenty.
- An increase in state sales tax revenues of approximately \$7,927,411 resulting from the increase price per pack of cigarettes that generates additional sales tax revenue.
- A decrease of approximately \$11,010,294 in state sales tax revenues due to a decrease of in-state purchases of cigarettes.
- An increase in local government sales tax revenues of approximately \$2,972,371 resulting from the increase price per pack of cigarettes that generates additional sales tax revenue.
- A decrease of approximately \$4,128,292 in local government sales tax revenues due to a decrease of in-state purchases of cigarettes.
- A one-time increase in state expenditures of \$25,000 resulting from MIS system implementation costs.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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